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Post: Beijing ATO

Craft Brew Breaks New Ground in North China

Report Categories:

Export Accomplishments - Events

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Report Highlights:

ATO/Beijing has charted new territory for U.S. microbrew beer, opening two new markets in China and helping build long-term sales with key retailers. Brewers Brooklyn Beer (NY), Rogue Brewery (WA), North Coast (CA), Cold Spring (MN), and Samuel Adams (MA) were among those that benefitted. FAS support is particularly important for smaller companies such as craft brewers, who lack the large marketing staff of major multinational companies.

General Information:

U.S. craft brew beer has scored some major successes in North China, becoming an increasingly important component of ATO/Beijing activities. Participation in three of ATO's retail promotions over the past year has helped to open new markets in two major cities and to build long-term sales in Beijing.

Beijing Parkson's Becomes a Believer:

Craft brew was featured in a major ATO promotion at high-end retailer Parkson's Plaza. The distributor involved (the principal distributor of U.S. craft beer in North China and the only one known to specialize solely in craft beer) has since advised that not only had six of his labels become permanent features at Parkson's, but that sales had been brisk at over \$12,000 per month. Labels carried by this distributor include Brooklyn Beer, Rogue Brewery, North Coast Brewing Company and most recently Samuel Adams. In addition to participating in retail promotions, ATO has worked closely with this distributor to introduce them to key contacts in the Hotel and Restaurant industry.



Persistence Pays in Bringing Beer to Qingdao: Qingdao is the home to China's largest brewery company (also called Qingdao), but is now a market for U.S. craft beer as well, thanks in large measure to ATO efforts to open this market. During ATO's retail promotion at Mykel stores in Qingdao, Brooklyn Beer's India Pale Ale was one of the top selling products, and was added to Mykel's permanent product list. This is an important step in the process of building the distribution networks and relationships that form the basis for future sales. Interestingly, Silk Soymilk from the U.S. also made it onto the permanent product list, making it clear that (given the abundance of soymilk in China) premium imports need not compete with local equivalents on price alone.

New Market, New Product, New Distributor: An extension of an earlier activity in Qingdao, ATO's retail promotion with Hisense Plaza in Tianjin not only featured a new craft brew label (Cold Spring from Minnesota), but a new distributor and in a retail venue carrying U.S. craft brew for the first time. The distributor in question previously only carried German labels. However, ATO worked with this company, encouraging them to travel to the United States and helping arrange meetings with U.S. brewers during their travel. Long term, increased product throughput in Tianjin has the potential to benefit export promotion efforts throughout North China, as Tianjin is the primary port of entry for much of the region (including Beijing).

In all of these promotional activities, it is important to note that craft brew was only one of many products featured: fresh fruit from the U.S. was a top seller in all of these activities, and a wide range of wines, snack

foods and dairy products were featured in all of them as well.

The Big Picture: U.S. microbrew sales in China have been booming, 2010 exports hitting a record \$546,000. Overall sales have quintupled over the past five years, from \$91,000 in 2005. This expansion was made possible in large part through FAS program support that provided the industry assistance to bring Chinese distributors to the United States to learn more about U.S. craft beer, use this information to education customers.



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Future Plans: For April 2011, ATO/Beijing is planning a three-city effort aimed at recruiting local distributors/buyers for U.S. products in Qingdao, Xi'an and Hohhot. Craft beer distributors are being recruited to participate. Other products will include: fresh fruit, dried fruit, nuts, wine, soft drinks, snack foods, seafood, frozen food and ginseng. In addition, ATO is working with U.S. exporters to begin bringing higher-end U.S. premium craft beers to markets in North China.

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